

Figure 1: A line graph showing the relationship between Portfolio Value and S for a European Call option. The graph includes four data series: C (Call option value), -Delta(100)*S (Delta hedge value), Portfolio value (the sum of C and -Delta(100)*S), and P&L (Profit and Loss). The x-axis represents S, ranging from 75 to 125. The y-axis represents Portfolio Value, ranging from -100 to 40. The graph shows that the Portfolio value is constant at 100, while the P&L is zero. The Call option value (C) increases with S, and the Delta hedge value (-Delta(100)*S) decreases with S. The Portfolio value (C + -Delta(100)*S) is constant at 100. The P&L is zero.

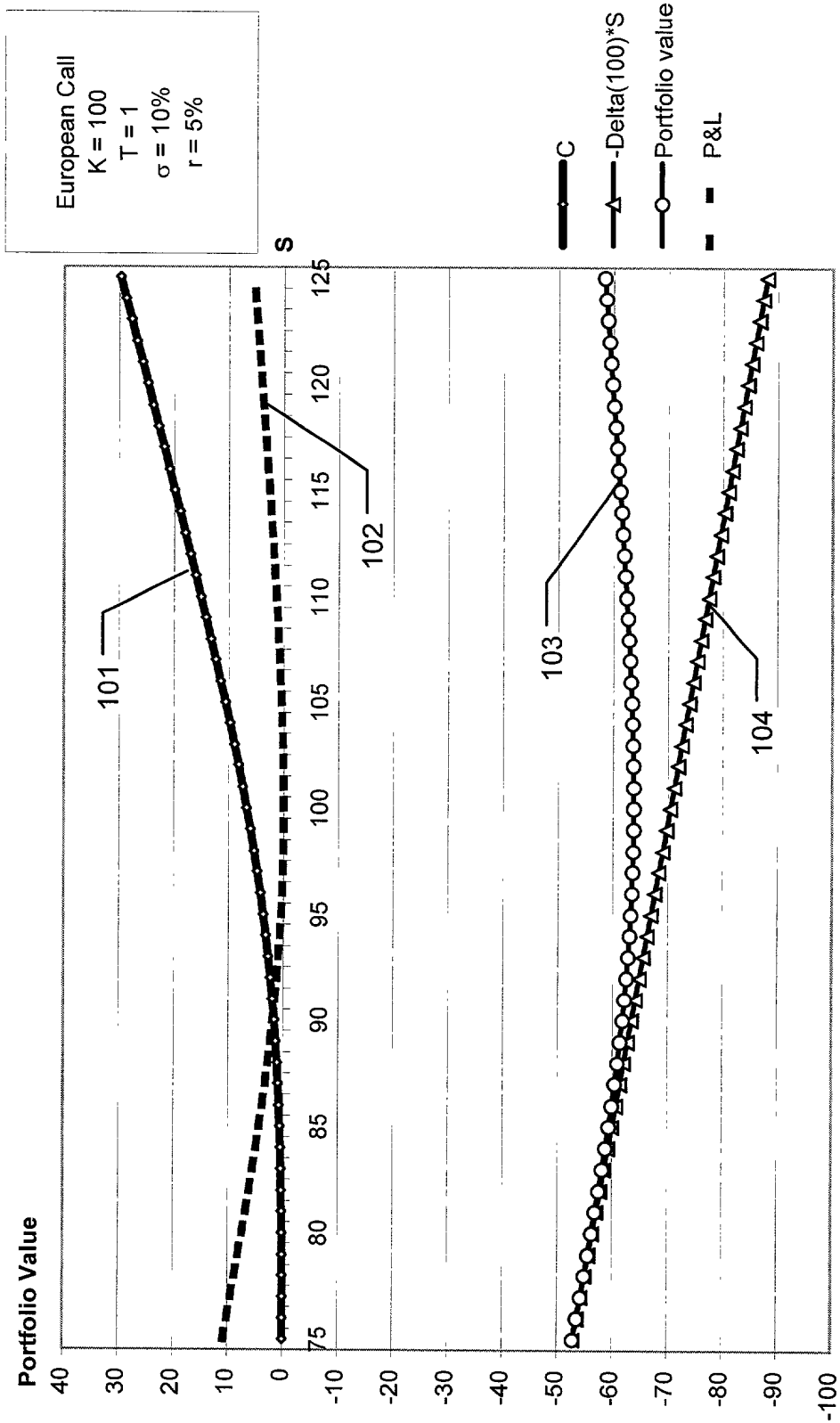


Fig. 1

200

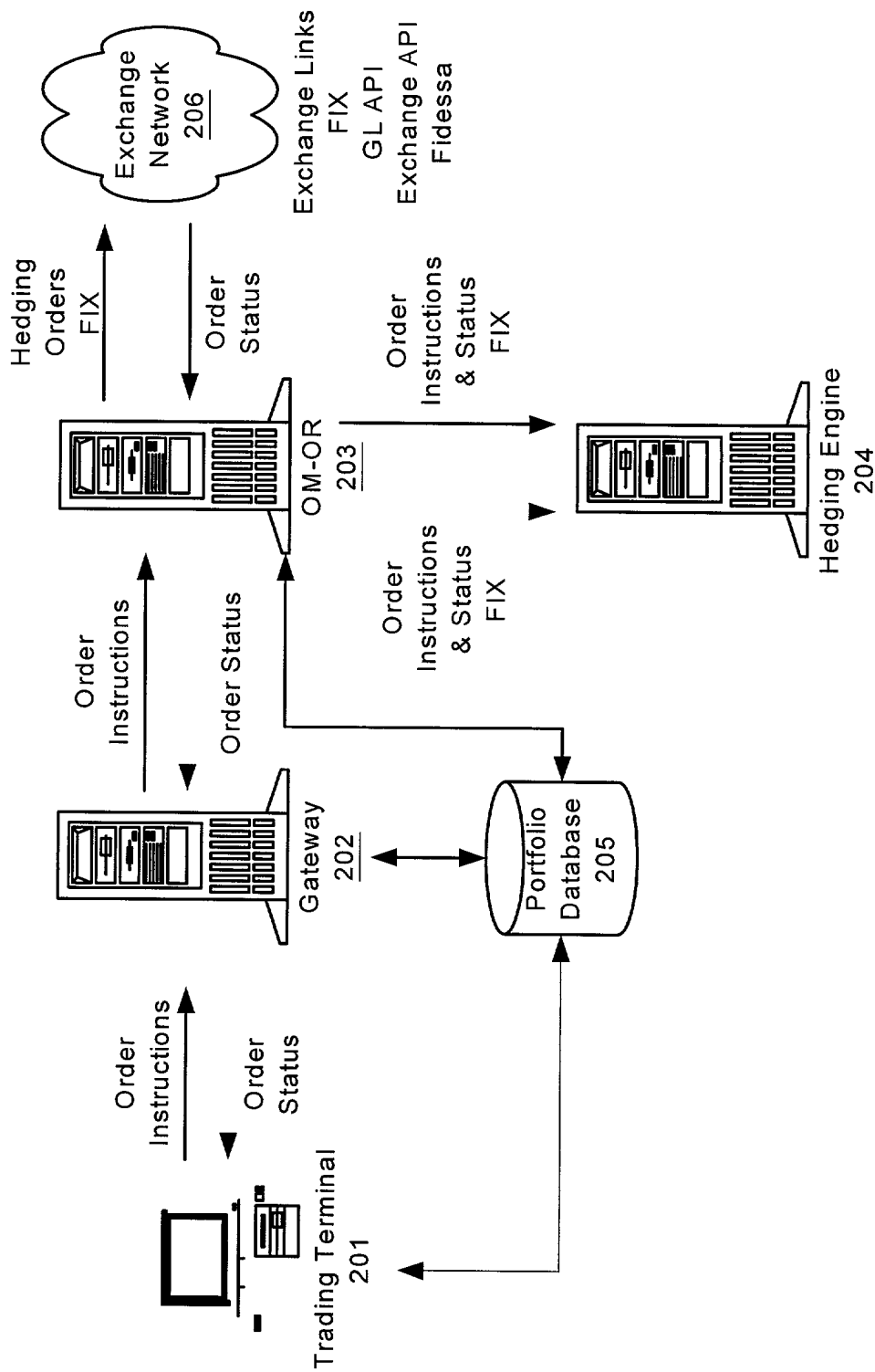


Fig. 2

300

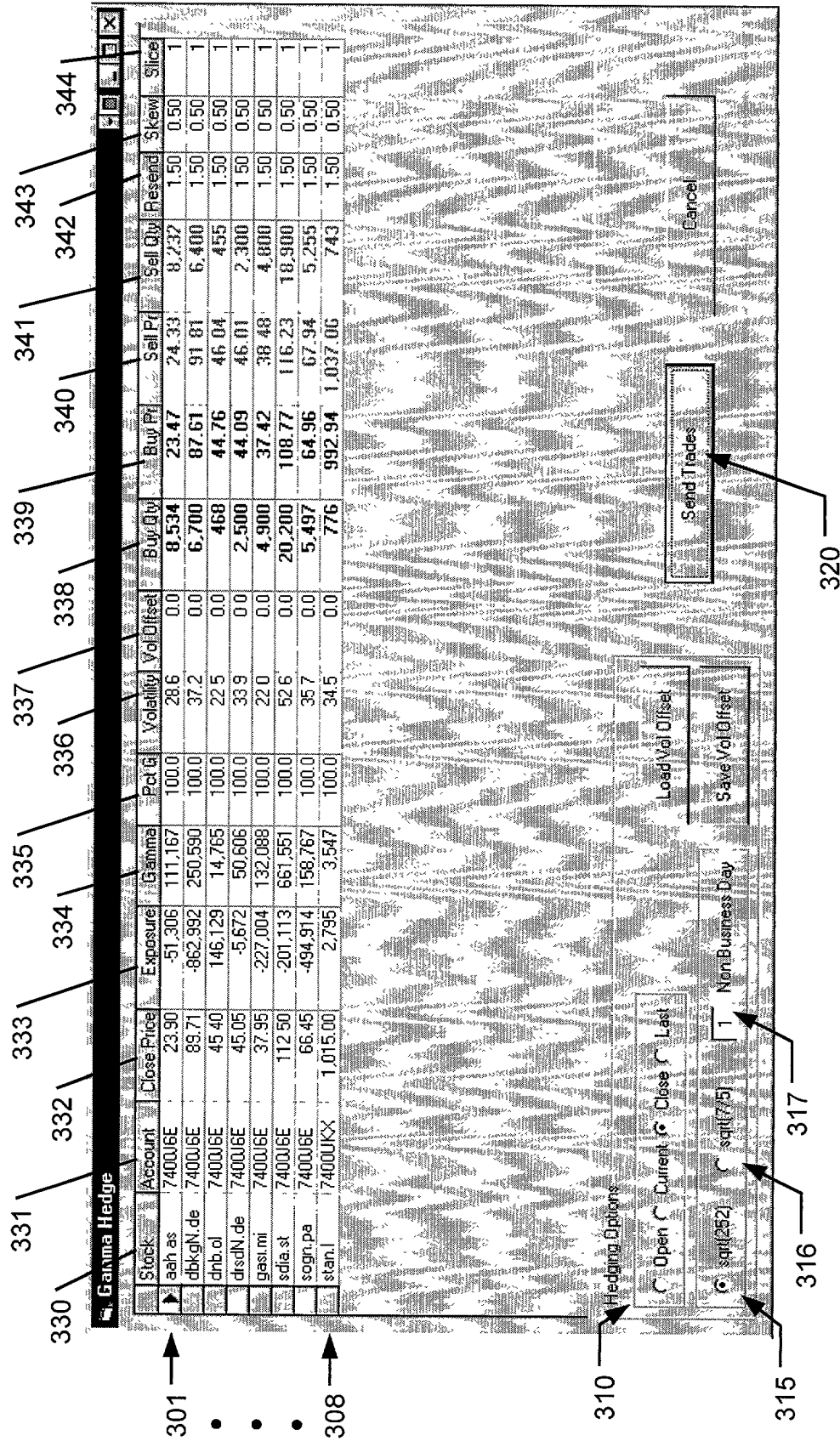


Fig. 3